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SUBJECT: AMBASSADOR'S FAREWELL CALL ON PRIME MINISTER - PUBLIC SUPPORT FOR NATO WILL RISE AFTER AN INVITATION

Classified By: CDA Greg Delawie for reasons 1.4(b) and (d).

- 11. (C) Summary: A Croatian public uncertain about the benefits of NATO membership, and as a &proud people8 sensitive to a potential snub, will not warm overwhelmingly to NATO membership until an invitation is clearly in the offing, PM Ivo Sanader told Ambassador Frank during a June 28 farewell call. The two also discussed a Bilateral Security Cooperation (Article 98) Agreement, reviewed bilateral issues, and discussed a US-Croatian pharmaceutical merger and Croatian procurement of armored personnel carriers. End summary.
- 12. (C) Reviewing his government's performance over the last year with considerable satisfaction, Sanader noted that Croatia has firmly established its path en route to the European Union and NATO. Regarding US-Croatian relations, the visit of Vice President Cheney was clearly the most important event in recent memory; the PM is also hoping to visit President Bush in Washington (Sanader noted that despite considerable local press coverage about an upcoming White House visit a few weeks ago, he and his government colleagues have not discussed it at all with reporters). Sanader said he will continue to be a strong advocate of US-EU cooperation as Croatia moves closer to EU membership; the transatlantic partnership has no alternative.
- 13. (C) In response, the Ambassador noted that the Sanader government had made considerable progress on many important issues, including Euro-Atlantic integration; judicial reform; defense reform; relations with neighbors, especially Serbia; and increasing its military commitment in Afghanistan. Cooperation with the international community on refugee returns was genuine and important, although we wish implementation could be faster.
- $\P4$. (S/NF) The Ambassador also praised the GOC for its work to improve intelligence cooperation with the US.
- 15. (C) These things said, the Ambassador noted public support for NATO was still in the thirty-to forty-percent range; before Croatia can join NATO the Allies will need to be convinced that a well-informed citizenry supports its government's goal of NATO membership. There may be a public diplomacy plan on the issue underway, but it has not been much in evidence and has certainly not seen many results.
- 16. (C) Croats are proud people, responded Sanader. If one institution does not open its doors, they will say, "if you don't want me, then I don't want you." Sanader asked the Ambassador to listen carefully to his position, arguing that he should be given some credibility on the issue since his statements about Gotovina's whereabouts (not in or near Croatia) had been ultimately proven true. Once it is clear

that Croatia will be invited to join NATO, we will see that public support for membership will rise tremendously, he said. In that vein, it will be very important to have a strong message regarding Croatia's accession in the Riga Summit communique.

- 17. (C) The Ambassador noted that more active engagement in the NATO issue by President Mesic would help engender more public support. The Prime Minister replied that the President was gradually improving on this issue.
- ¶8. (C) Regarding ethnic reconciliation, the Ambassador said that although he believed that the national government was committed to dealing with the issue, that was not the case in many municipalities, especially in the war-affected areas. The GOC should do more to implement the Law on National Minorities, and work with local governments to increase their commitment to refugee returns.
- 19. (C) The Ambassador encouraged Sanader to consider Croatian participation in the NATO Training Mission in Iraq, in which all 26 Allies are involved in some way. Sanader agreed to look into the issue.
- 110. (C) The Ambassador pressed Sanader for a substantive response to the US proposal for conclusion of a Bilateral Security Cooperation Agreement that would incorporate Article 98 language in some way. Sanader replied that this was a difficult issue due to EU pressure to not conclude an Article 98 agreement with the US. He noted that the US has consistently supported Croatia's EU accession; however, the EU is telling Croatia that an Article 98 agreement with the US might keep Croatia out of the EU. How can the GOC deal with this issue? He hopes to have further discussions with the US and EU on the issue; we both need to find out who is

the power behind the EU approach to Croatia, he said, and to discuss the issue with that person.

- 111. (C) The Ambassador congratulated the PM on the proposed merger between Croatia's Pliva pharmaceutical company and Barr Laboratories of the US. Sanader said that the merger was a huge success for all concerned, and that he supported it strongly. The GOC would sell its minority stake in Pliva to Barr, and would give the merger all possible support.
- 112. (C) Finally, the Ambassador urged positive consideration by the GOC of the bid by General Dynamics and Steyr to supply Croatia with armored personnel carriers. Sanader replied that a decision on the competition between GD/Steyr and Patria for the contract would be reached soon.

 DELAWIE